

other districts, where, after the timber right has been granted, the exploited timber is paid for by the amount of sawn material produced or marketed.

In the sale of timber it is the applicant apparently that generally takes the initiative in selecting the area for license. This procedure is certainly not always in the public interest, and there are very many objections to it.

Royalty.—The severance-tax, or royalty, does not keep pace with the increasing value of the raw material; and, furthermore, no plan exists by which the State may automatically increase the selling-price of its raw material as the selling-price of the manufactured product appreciates. The result is to-day that the State is not receiving the full market value of its timber resources, and it is also losing (by virtue of subnormal royalties) in extravagant and careless exploitation in the woods and mill. Low royalties and low stumpage mean to some extent "butchery," for the miller is not penalized for sloppy and inefficient methods, as he pays only on the sawn output.

It must be said, however, that administration costs are very light, but at the sacrifice of efficiency and economy. The standing timber of the country has been treated as a "mine" and not as a resource to be "cropped."

Briefly, the situation is as follows:—

- (1.) The State is not getting its due share of the profits of production, and present cutting can, without damage to the future, yield increased revenue.
- (2.) Uneconomical and inefficient methods of forest exploitation often prevail. (Low standing-timber value is often harmful to careful logging.)
- (3.) The forest industry has not stability of policy, nor a definite future basis for operation.
- (4.) In all overmature stands of timber the decay offsets the annual growth, so that the future is not benefited by "storing," and all possible present revenue within a sustained annual-yield basis which is not taken will be irrevocably lost. (Generally speaking this is the case, but a compromise must be made where the future supplies may only be assured by storing. The State forests should be made the best possible examples of forest management, and allowing overmatured timber to go to waste is inconsistent with such policy.)
- (5.) In the majority of the land districts of New Zealand timber royalties are collected on the mill-output, and in only a few districts is the timber sold by accurate appraisal and on a measured estimate.
- (6.) Although the ground is earmarked for sawmill licenses and reservations for periods varying from twenty-one to forty-two years, practically no payment is made for this concession. A nominal rent of 1s. per acre per annum is charged on sawmill areas granted under the Mining Regulations; but where royalty payments accruing due exceeds this the rent is merged in the royalty. The same rent—*i.e.*, 1s. per acre per annum—is charged on the reservations attached to each sawmill area granted, but this is not merged in subsequent royalties to be paid.
- (7.) Considerable trafficking is going on in timber rights. This is due to a large extent to the indifferent and poorly developed regulations. It is evident, but difficult to prove, that some aggregation of sawmill leases is taking place. This should not be possible, and under a definite, clean-cut system of administration would not be possible.
- (8.) Only casual or nominal inspections of forest exploitations are made.
- (9.) The State is losing considerable areas of timber land every year by devastating fires.
- (10.) The State is concerned, by virtue of its ownership, in the sale of raw material in the round. It is not sold in the round. It is *the log*, as a commercial product in itself, that should interest the vendor, the State. The principle of collecting the royalty on the mill-output is not on a sound basis. It presupposes that all round material will be converted into sawn timber. This will certainly not be the case (development of pulp and paper plants, tannin-extract works, wood-distillation, &c.).

What must be provided for.

A complete reformation is needed. All old archaic methods and regulations must be scrapped, and a progressive and modern procedure brought into play through the organization of this Forest Service. Under a new order of things the State must bear its burden of responsibility in perpetuating the use of the country's timber resources. If it accepts this earnestly and sincerely it will be necessary for the Forest Service to take the initiative in all matters pertaining to timber-disposal.

The management should be such as to ensure for the people of the nation a fair return from the sale of its natural resources, at the same time considering the interests of the timber industry and of the consumer. It is fortunate indeed that the principle of State-timber royalties has been long in vogue in New Zealand, inasmuch as it introduces the principle of profit-sharing by the people in the industries which develop the natural resources.

The timber-sale policy should be one that gives a fair and just measure of certainty to concessionaires, and therefore stability to the forest industry. It should provide for a more equitable return under present conditions, and for greater and greater increases in the future under the profit-sharing principle. It must cope with actual forest conditions, and should, among other things, provide for—

- (1.) The welfare of all the people in this country to the highest practical degree as far as the sale of public timber contributes to their welfare.